

#15

NEW NUMBER

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CHARLES T. KAPPLER
JOHN H. DOYLE*
RICHARD N. BAGENSTOS
JAMES C. MARTIN JR.*

* ALSO ADMITTED IN NEW YORK
* ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

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OF COUNSEL
URBAN A. LESTER

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February 15, 1990

0-047A034

Ms. Noreta R. McGee
Secretary
INTERSTATE COMMERCE COMMISSION
Washington, D. C. 20423

16768
RECORDATION NO. FILED 1423

FEB 16 1990 - 1 25 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 1130(a) are six (6) counterparts of an Equipment Lease dated as of February 15, 1990, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: GATX LEASING CORPORATION
Four Embarcadero Center
San Francisco, California 94111

Lessee: WISCONSIN CENTRAL LTD.
One O'Hare Centre
6250 North River Road
Rosemont, Illinois 60018

A description of the railroad equipment covered by the enclosed document is: four hundred (400) two compartment covered hopper cars bearing WC reporting marks and road numbers 84000 through 84399, both inclusive.

Also enclosed is a check in the amount of \$15 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return stamped copies of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D. C. 20006.

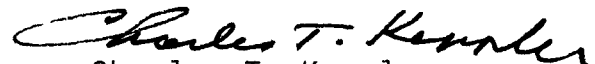
C. T. Kappler

Ms. Noreta R. McGee
February 15, 1990
Page 2

A short summary of the enclosed primary document to appear in
the Commission's Index is:

Equipment Lease dated as of February 15, 1990
between GATX Leasing Corporation, Lessor, and
Wisconsin Central Ltd., Lessee, covering 400
covered hopper cars, WC 84000-WC 84399, both
inclusive.

Very truly yours,


Charles T. Kappler

CTK/bvs

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

2/16/90

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/16/90 at 1:25pm and assigned recordation number(s). 16768

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

16768-A
12:45 p.m. 3/30/90

ELIAS C ALVORD (1942)
ELLSWORTH C ALVORD (1964)

ROBERT W ALVORD*
CHARLES T KAPPLER
JOHN H DOYLE*
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March 30, 1990

RECORDATION NO. 16768-A FILED 1425

MAR 30 1990 - 12:45 PM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Secretary
INTERSTATE COMMERCE COMMISSION
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are four (4) original counterparts of an Amendment No. 1 to Equipment Lease dated as of March 15, 1990, a secondary document as defined in the Commission's Rules for the Recordation of Documents.

The enclosed document relates to the Equipment Lease dated as of February 15, 1990, which was filed and recorded on February 16, 1990 under Recordation Number 16768.

The names and addresses of the parties to the enclosed document are:

Lessor: GATX Capital Corporation
(formerly GATX Leasing Corporation)
Four Embarcadero Center
San Francisco, California 94111

Lessee: Wisconsin Central Ltd.
One O'Hare Centre
6250 North River Road
Rosemont, Illinois 60018

A description of the railroad equipment covered by the enclosed document is: four hundred (400) two compartment covered hopper cars bearing WC reporting marks and road numbers 84000 through 84399, both inclusive.

Also enclosed is a check in the amount of \$15 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

CT. Kappler
Countersigned

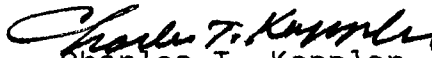
Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
March 30, 1990
Page Two

Kindly return stamped copies of the enclosed document to
Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street,
N.W., Washington, D.C. 20006.

A short summary of the enclosed secondary document to appear
in the Commission's Index is:

Amendment No. 1 to Equipment Lease dated as of
March 15, 1990 between GATX Capital
Corporation, Lessor, and Wisconsin Central
Ltd., Lessee, covering 400 covered hopper cars,
WC 84000 - WC 84399, both inclusive.

Very truly yours,


Charles T. Kappler

Enclosures
CTK/bg

Interstate Commerce Commission
Washington, D.C. 20423

3/30/90

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/30/90 at 12:45pm and assigned recordation number(s). 16768-A

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

16768

RECORDATION NO. _____ FILED 1428

FEB 16 1990 -1²⁵ PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of February 15, 1990

Between

GATX LEASING CORPORATION

LESSOR

And

WISCONSIN CENTRAL LTD.

LESSEE

(Wisconsin Central No. 90-1)

400 3000 cf Covered Hopper Cars

This Equipment Lease and the rentals and other sums due and to become due hereunder may be assigned by the Lessor as provided in Section 16 hereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of this Equipment Lease or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

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ATTACHMENTS TO EQUIPMENT LEASE:

Schedule A - Description of Items of Equipment
Schedule B - Pricing Assumptions
Exhibit A Certificate of Acceptance
Exhibit B Lease Supplement
Annex 1 Definitions

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of February 15, 1990 is between GATX LEASING CORPORATION, a Delaware corporation (the "Lessor"), and WISCONSIN CENTRAL LTD., an Illinois corporation (the "Lessee").

R E C I T A L S

A. The Lessee has ordered the Items of Equipment from the Manufacturer, but has determined that it prefers to lease rather than own the Equipment. Accordingly, the Lessee has assigned its right to acquire the Equipment to the Lessor and has agreed, upon such acquisition of any Item of Equipment by Lessor, to lease such Item from the Lessor pursuant to this Lease.

B. The capitalized terms used in this Lease shall have the respective meanings indicated in Annex I hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

C. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Lease.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment by the Manufacturer, the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance. The Lessor hereby appoints the Lessee as its agent for inspection and acceptance of the equipment pursuant to the Purchase Agreement. The Lessor will cause each Item of Equipment to be tendered to the Lessee. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor a Certificate of Acceptance with respect to such Item of Equipment; provided, however, that the Lessee shall not accept and the Lessor

shall have no obligation to lease any Item of Equipment delivered after the Outside Delivery Date set forth in Schedule A.

1.3. Certificate of Acceptance. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Manufacturer, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) Interim Rent. The Lessee shall pay Interim Rent ("Interim Rent") for each Item of Equipment in a single installment due on April 1, 1990 (the "Base Term Commencement Date") in the amount per day set forth in the Lease Supplement for the period from and including the Closing Date for such Item to and including March 31, 1990.

(b) Fixed Rent. Rent (the "Fixed Rent") shall be payable for the Base Term in 216 consecutive monthly installments, payable in arrears on April 30, 1990 and on each Rent Payment Date thereafter in the amounts set forth in the Lease Supplement.

(c) Additional Rent. In addition to the foregoing rental, the Lessee agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Additional Rent, promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee to pay any Additional Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Fixed Rent.

2.2. Business Days. If any Rent Payment Date is not a Business Day, the rent payment otherwise payable on such date shall be payable on the immediately preceding Business Day.

2.3. Adjustment of Rentals. The Lessee and the Lessor agree that the Fixed Rent payable hereunder and the Casualty Value percentages as set forth in the Lease Supplement have been calculated on the assumptions (the "Pricing Assumptions") set forth in Schedule B hereto. If any of the Pricing Assumptions shall prove to be incorrect on any Closing Date or on the Base Term Commencement Date, then the Lessee and the Lessor agree that the percentages for Fixed Rent and Casualty Values will be adjusted prior to April 30, 1990. Any such adjustment shall be made in such manner as to take into account a transaction contemplated in Section 16 and as will result first in maintaining for the lessor the necessary minimum after-tax cash flow and net after-tax yield (or return on equity) under the multiple investment sinking fund method of analysis that would have been realized by such lessor over the entire term of this Lease had such Pricing Assumptions for such lessor proved correct (the "Net Economic Return") and second any such adjustment shall minimize the present value (utilizing a discount rate of 12% per annum) of the Fixed Rent using the Pricing Assumptions; provided, however, that Net Economic Return will include the constant pre-tax implicit rate spread between the Lease and any lease transaction in which the Lessor becomes the lessee of the Equipment, it being understood that such spread was included in the Pricing Assumption as a component of the calculation of Fixed Rent and Casualty Value without adjustment under this Section 2.3. In the event the Lessor assigns all or part of its right, title and interest to the Equipment in a transaction contemplated in Section 16 hereof, the state income tax assumptions of the Lessor included in the Pricing Assumptions shall be adjusted to reflect the state income tax assumptions of the assignee, and the percentages for Fixed Rent and Casualty Value shall be adjusted accordingly.

The Lessor shall furnish the Lessee with a revised Lease Supplement setting forth any adjustments required by the first paragraph of this Section 2.3 not later than April 20, 1990. Within five Business Days following the first Closing Date, Lessor will deposit with Ernst & Young the Pricing Assumptions used in the calculation of Fixed Rent and Casualty Values without adjustment under this Section 2.3. If Lessee requests, at Lessee's expense, the methodologies and assumptions utilized in calculating such revised Lease Supplement shall be verified by a nationally recognized independent accounting firm selected by the Lessor, and the Lessor shall provide such materials to such accounting firm as it shall reasonably request to enable it to verify such revised Lease Supplement. All such materials shall be and remain confidential as to the Lessee and all other third parties.

2.4. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installments of Interim Rent and Fixed Rent, the entire amount of any payments of Casualty Value or other payment pursuant to Section 11, any payment of the purchase price of the Equipment pursuant to Section 18, and any payment pursuant to Section 14, shall be paid to the Lessor by wire transfer to the account of the Lessor provided for payments in Section 20.1 hereof; provided that in the event the Lessee shall have received notice pursuant to Section 16 that Lessor shall have assigned its rights to receive any of such payments to any Person, then the Lessee shall thereafter make such assigned payments by wire transfer to such Person designated in such notice or as otherwise designated from time to time in writing by such Person;

(b) The amount of any payment owing to the Lessor pursuant to Section 6, shall be made directly to the Lessor by wire transfer to the account of the Lessor provided for payments in Section 20.1;

(c) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof and any amounts advanced pursuant to Section 20.2 and any interest thereon shall be paid to the party and in the manner herein provided to receive said rental or other amount by wire transfer as specified to such party as aforesaid or as instructed in writing by such party; and

(d) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same.

The Lessee agrees that it will make payments referred to in Section 2.4(a), (b) and (c) by wire transfer, as soon as practicable following the opening of business of the office of the transferring bank on the due date of such payment in federal or otherwise immediately available funds to the party to whom such payment is to be made.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rent, Additional Rent and Fixed Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of Rent or reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against

any assignee of the Lessor pursuant to Section 16; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of Lessee's use of the Equipment other than by the Lessor's material breach of the Lessee's right of quiet enjoyment, the interference with such use by any private Person, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 or 15 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The interim term of this Lease (the "Interim Term") as to each Item of Equipment shall commence on the Closing Date thereof and shall terminate upon the commencement of the Base Term. The base term of this Lease (the "Base Term") as to each Item of Equipment shall begin on the Base Term Commencement Date and shall terminate on March 31, 2008, subject to earlier termination pursuant to Sections 11 and 14. Subject and pursuant to the terms of Section 18 hereof, the Lessee may elect one Renewal Term.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with one of its road numbers as set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"LEASED FROM A CORPORATION AS FILED WITH THE
INTERSTATE COMMERCE COMMISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16. Except as provided hereinabove, the Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition against Certain Designations. Except as above provided, the Lessee will not allow the name of any Person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it or its affiliates of the same or a similar type for convenience of identification of the right of the Lessee or its affiliates to use the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES; WARRANTY ASSIGNMENTS.

(a) THE LESSEE ACKNOWLEDGES AND AGREES THAT (i) THE EQUIPMENT AND EACH ITEM THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH ITEM THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE LESSOR IS NOT A MANUFACTURER NOR A DEALER IN PROPERTY OF SUCH KIND, (iv) THE EQUIPMENT AND EACH ITEM THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR

WARRANTY OF ANY KIND BY THE LESSOR, AND (v) AS BETWEEN THE LESSOR AND THE LESSEE, THE LESSOR LEASES THE EQUIPMENT AND EACH ITEM THEREOF, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE TITLE, CONDITION, FITNESS, DESIGN, DESCRIPTION, OPERATION OR MERCHANTABILITY THEREOF, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S QUIET ENJOYMENT THEREOF (EXCEPT THAT THE LESSOR AGREES NOT TO WRONGFULLY INTERFERE WITH THE LESSEE'S QUIET ENJOYMENT THEREOF), or (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. It is agreed that, as between the Indemnified Parties and the Lessee, all risks incident to the matters discussed in the preceding sentence are to be borne by the Lessee. The provisions of this Section 5 have been negotiated by the Lessor and the Lessee and are intended to be a complete exclusion and negation of any representations or warranties of the Indemnified Parties, express or implied, with respect to the Equipment or any Item thereof that may arise pursuant to any law now or hereafter in effect, or otherwise.

(b) Subject to the next following sentence, the Lessee hereby assigns to the Lessor all its rights with respect to the Equipment against the Manufacturer, including, without limitation, all claims under any indemnities or warranties, whether for condition of goods, patent or otherwise, and any other rights arising under any purchase orders or agreements pertaining to the Equipment. The Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease prior to any Event of Default to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer; provided, however, that if at any time a Default or Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights, and provided, further, that the Lessor has, at any other time, the right, but not the obligation, to proceed on its own behalf and at its own expense, against the Manufacturer. Lessor shall, at the Lessee's request and at Lessee's expense, cooperate in the enforcement of any indemnities or warranties or the prosecution of any claims by the Lessee against the Manufacturer under this paragraph (b).

(c) The Lessor shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service,

use, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of the Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE INDEMNITIES.

6.1. General Indemnity. (a) The Lessee hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless each Indemnified Party from and against any and all loss or damage to the Equipment, usual wear and tear excepted (taking into account the provisions of Section 7, 8 and 11), and any and all liabilities, obligations, losses, damages, penalties, claims (including claims by any employee of the Lessee or any of its contractors), actions, suits and related costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (for purposes of this Section 6 collectively called "Expenses"), imposed on, asserted against or incurred by any Indemnified Party, in any way relating to or arising out of (i) this Lease and the other Operative Agreements arising out of one financing transaction as contemplated in Section 2 of the Agreement to Lease and Section 16 of this Lease, (ii) the construction, installation, ownership, delivery, lease, possession, use, operation or condition of the Equipment or any Item or part thereof, (including, without limitation, latent and other defects, whether or not discoverable by the Indemnified Party or the Lessee, and any claim for patent, trademark or copyright infringement and any claim arising under the strict liability doctrine in tort), or (iii) the sale or other disposition of the Equipment or any Item thereof pursuant to Section 11, 14 or 18, except only that the Lessee shall not be required to indemnify any Indemnified Party pursuant to this Section 6 for: (A) any Taxes, it being agreed that the indemnity for Taxes is intended to be provided by Section 6.2, (B) Expenses resulting from the willful misconduct, gross negligence or material default in the performance by such Indemnified Party under any Operative Agreement, and (C) transaction costs to be paid by such Indemnified Party pursuant to Section 2 of the Agreement to Lease. Except to the extent fairly attributable to the failure of the Lessee fully to discharge its obligations under this Lease, the indemnities contained in this Section 6.1 with respect to the matters described in clauses (i) and (ii) above shall apply only to acts (or failures to act) or events or conditions or Expenses which exist or existed on or prior to, or are fairly attributable to the period prior to, the termination of this Lease, or which arise in connection with the Lessee's

assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. If any Indemnified Party shall have knowledge of any claim or liability hereby indemnified against, it shall give prompt written notice thereof to the Lessee; provided, however, that the failure of such Indemnified Party to give such notice shall not relieve the Lessee of any of its obligations hereunder. The Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 6.1 so long as, in the reasonable opinion of the Indemnified Party, such defense is being diligently conducted by Persons reasonably satisfactory to the affected Indemnified Parties. Settlement of any dispute or claim or action in the name of the Lessor shall not be settled or otherwise finalized without the Lessor's prior written consent, which consent shall not be unreasonably withheld.

(b) All amounts payable by the Lessee pursuant to this Section shall be payable directly to the parties entitled to indemnification. All the indemnities contained in this Section 6.1 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Party. The Lessee's obligations under this Section 6.1 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under any other agreement by any other Person.

(c) The indemnities and assumptions of liabilities set forth in this Section do not guarantee a residual value of the Equipment or any Item thereof.

(d) Upon the payment in full of any indemnities as contained in this Section 6.1 by the Lessee, and provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Party (except where the Lessee is also indemnifying a Person against whom the Indemnified Party has rights in respect of the matter against which indemnity has been given). Any payments received by such Indemnified Party from any Person (except the Lessee) as a result of any matter with respect to which such Indemnified Party has been paid in full pursuant to the indemnity provided for by the Lessee pursuant to this Section 6.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made to and retained by such Indemnified Party; provided that (i) such sum shall not be payable before such time as the Lessee shall have made all payments (including indemnity payments pursuant to this Section 6.1) then due pursuant to any of the Operative Agreements and (ii) no Default or Event of Default shall have occurred and be continuing.

6.2. General Tax Indemnity. (a) All payments to be made by the Lessee hereunder will be free of all withholdings of any nature (including withholding taxes, monetary transfer fees or similar taxes and charges but not including any such taxes or charges excluded from indemnification hereunder). The Lessee agrees to pay, and indemnify and hold each Indemnified Party harmless from, all license and registration fees and all taxes (including, without limitation, franchise taxes), assessments, rates and charges, excises, permit fees, inspection fees, levies, imposts, duties, charges or withholding of any nature whatsoever, including, without limitation, sales, gross receipts, transfer, property, stamp, use or similar taxes, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") imposed against any Indemnified Party, the Lessee, the Equipment or any Item or part thereof by any federal, state or local government or taxing authority in the United States or by any foreign country or subdivision thereof, or by any international organization, upon or with respect to the Equipment or any Item or part thereof, or upon the purchase, ownership, substitution, sale, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, the receipt of earnings arising therefrom, or upon or with respect to the Lease or upon the Rent or other sums payable by the Lessee hereunder or with respect to the other Operative Agreements, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Equipment or otherwise on or with respect to the transactions contemplated by the Operative Agreements (all such fees, taxes, assessments, rates and charges, excises, levies, imposts, duties, charges and withholdings, and all penalties, additions to tax and interest imposed in connection therewith being hereinafter called "Taxes"); provided, however, that the foregoing indemnity shall not apply to any income, franchise and capital taxes measured by gross or net income (including any minimum or alternative minimum income taxes and any income taxes on or measured by items of tax preference), gross receipts, capital or net worth (including, without limitation, any such taxes collected by withholding), other than taxes in the nature of or in lieu of sales, use or a similar type of taxes (hereinafter referred to as "Income Taxes") imposed by (A) the United States Federal government, or (B) any state or local taxing jurisdiction in which the affected Indemnified Party maintains its principal office or principal place of business or in which the Indemnified Party is subject to taxes by reason of activities wholly unrelated to the transaction contemplated by the Operative Agreements.

(b) In the event any reports with regard to Taxes (other than Income Taxes) are required to be made with respect to the Equipment or any Items thereof, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such a manner as to show the interest of the Lessor and any other Indemnified Party therein as shall be

reasonably satisfactory to each thereof or, where not so permitted, will, as soon as the Lessee has knowledge thereof, notify the Lessor and any other Indemnified Party of such requirement and will assist in preparation of such reports by the Lessor or any other Indemnified Party in such manner as shall be reasonably satisfactory to each thereof. Each Indemnified Party shall respond promptly to any reasonable request by the Lessee for information within such Person's control with respect to the preparation or filing of any report. Unless otherwise required by law the Lessee shall include the Equipment in the ad valorem tax returns to be filed by the Lessee in the applicable states or localities and, unless otherwise required by law, no Indemnified Party shall include the Equipment in any ad valorem or other similar tax returns filed by it in such states or localities.

(c) Notwithstanding anything to the contrary in Section 6.2(a), the actions or omissions of any Indemnified Party shall not, in any way, impair the right of any other Indemnified Party to indemnification for Taxes which, but for such actions or omissions, would be indemnifiable hereunder or under the Tax Indemnity Agreement.

(d) Lessee further agrees that, with respect to any payment or indemnity to an Indemnified Party under this Section 6.2, and notwithstanding the proviso in Section 6.2(a), Lessee's indemnity obligations shall include any amount necessary to hold such Indemnified Party harmless on an after-tax basis from all Taxes required to be paid by such Indemnified Party with respect to such payment or indemnity (including any payments under this Section 6.2(d)). Payment shall be made by the Lessee no later than the date on which the Indemnified Party must pay such Taxes.

(e) All amounts payable by the Lessee pursuant to this Section 6.2 shall be payable directly to the Indemnified Party except to the extent paid to a governmental agency or taxing authority. All the indemnities contained in this Section 6.2 and the obligation, if any, of the Indemnified Party to make payments to the Lessee pursuant to this Section 6.2, shall continue in full force and effect notwithstanding the expiration or other termination of the Lease in whole or in part, until all such obligations of the Lessee and each Indemnified Party have been met and such liabilities have been paid in full and are expressly made for the benefit of, and shall be enforceable by, the Lessee and each Indemnified Party. The Lessee's obligations under this Section 6.2 shall be that of primary obligor irrespective of whether the Indemnified Party shall also be indemnified with respect to the same matter under some other agreement by another Person.

(f) If any claim is made against any Indemnified Party, by commencement of proceedings against the Indemnified Party or otherwise, for any Taxes as to which the Lessee would have an indemnity obligation pursuant to this Section 6.2, such

Indemnified Party shall promptly notify the Lessee of such claim in writing. The Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 6.2 so long as (i) in the reasonable opinion of the Indemnified Party, such defense is being diligently conducted by Persons reasonably satisfactory to the affected Indemnified Parties and (ii) in the event the Lessor has assigned all or part of its right, title and interest to the Equipment in a transaction described in Section 16 hereof, the Lessor's assignee consents to the Lessee's conduct and control of the contest or defense of the asserted claim or liability; provided, however, the Lessee may only control such contest upon providing a letter of credit, bond or other security satisfactory in all respects to the Lessor to cover the potential Taxes involved in such contest. Notwithstanding anything in this Section 6.2 to the contrary, the Lessor need not permit a contest if the amount of Taxes that are the subject of the contest is not in excess of \$25,000.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation (including the rules and regulations of the Federal Railroad Administration), the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment subject to this Lease. Subject to the provisions of Sections 8(b) and (c) below, in case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor or any assignee under Section 16 adversely affect the property rights, or interests of the Lessor or any such assignee in the Equipment or under any Operative Agreement.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

(a) The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Equipment shall not be

used in any manner which is in violation of, or more hazardous than permitted by, the insurance maintained under Section 11. The Lessee shall at no time assign, or permit any sublessee to assign any Item of Equipment for the transport or storage of hazardous (as determined by CFR Title 49 "Hazardous Materials Regulation") substances or materials, corrosive substances or materials or other substances or materials, in any case, which are not commonly transported in similar equipment by rail common carriers. The Lessee agrees that it will not discriminate against any Item of Equipment (as compared to other similar equipment owned or leased by Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

(b) The Lessee shall, at its own cost and expense, (i) maintain and keep the Equipment, each Item thereof, and the component parts thereof in good order and repair, and (ii) limit perforation from corrosion, erosion or other damage, in each case to a standard at least equal to and no less thorough and complete than required by the standard and frequency of maintenance performed on other similar equipment owned or leased by the Lessee. In any event the Lessee agrees, at its own cost and expense, to maintain and keep the Equipment in the condition received by the Lessee from the Lessor, ordinary wear and tear excepted, and suitable for the commercial use as originally designed and intended in interchange service in accordance with applicable Interchange Rules (whether requirements are nominally imposed on the Lessor or the Lessee) and prudent industry practice. The Lessee shall maintain the top hatch covers and the bottom outlet gates of each Item of Equipment in fully operable, moisture tight condition. The Lessee shall also maintain all records, logs and other materials required by the Association of American Railroads, the Department of Transportation or any other governmental authority having jurisdiction over the Equipment or the Lessee to be maintained in respect of the Equipment.

(c) Except as otherwise required by the provisions of Section 7 hereof and except as permitted pursuant to the third sentence of this paragraph, the Lessee shall not modify any Item of Equipment unless (i) such modifications, additions or improvements shall comply with all of the requirements set forth in Rev. Proc. 79-48 (and any rule, regulation or pronouncement of the Internal Revenue Service amending, supplementing, modifying or replacing Rev. Proc. 79-48) for advance ruling purposes (and Lessee agrees to provide upon Lessor's request reasonable evidence of such compliance), and (ii) the Lessee shall have obtained the prior written authority and approval of the Lessor and any assignee pursuant to Section 16, which authority and approval shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 or which meet the requirements of

clause (i) of the preceding sentence (except for severable improvements permitted by Rev. Proc. 79-48) shall in each case be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment the Lessee may, or at the request of the Lessor, the Lessee shall, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment; provided that the Lessor may, by delivery of written notice to the Lessee prior to any such removal, elect to purchase any such readily removable additions for a price equal to the greater of the Lessee's original cost less applicable depreciation or the Fair Market Value thereof. Title to any readily removable addition or improvement which has not been so removed by the Lessee from an Item of Equipment when such Item is returned to the Lessor pursuant to this Lease shall thereupon be vested in the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Item of the Equipment, title thereto or any interest therein except Permitted Encumbrances and Liens which result from the Lessor's own acts or from claims against the Lessor not to be paid or indemnified against by the Lessee hereunder. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien (and any claim which if unpaid might constitute or become such a Lien) not excepted above if the same shall arise at any time with respect to any Item of the Equipment, but the Lessee shall not be required to pay or discharge any such Lien so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or other rights of any assignee under Section 16 in and to the Equipment and as to which such Lien the Lessee, if appropriate under generally accepted accounting principles, shall have set aside on its books and records adequate reserves.

SECTION 10. FILING.

Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303, and will file, register or record this Lease, and all financing and continuation statements and similar instruments, in such other places within or without the United States as the Lessor may reasonably request and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease, or otherwise with respect to or including any other Operative Agreement, in connection with any assignment pursuant to Section 16 or otherwise, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to any Item of Equipment to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, including, without limitation, any such filings and recordings as shall be necessary to evidence any change in name of the Lessee or the Lessor, or any merger or consolidation thereof. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

Without limiting the generality of the foregoing, subject to the Tax Indemnity Agreement, prior to any use in or other contact with Canada, the Lessee at its own expense, will (i) cause this Lease to be deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada and (ii) provide the Lessor with a favorable opinion of Canadian counsel reasonably acceptable to it, addressed to Lessor, covering such matters as it shall reasonably request including, without limitation, compliance with the Railway Act of Canada and protection of the Lessor's interest in the Equipment.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. (a) Lessee will at all times after delivery and acceptance of each Item of Equipment, at its own expense, carry and maintain or cause to be carried and maintained (i) All risks property insurance with respect to each such Item equal to the then Casualty Value, with a deductible not in excess of \$500,000 per occurrence, (ii) comprehensive public liability insurance with respect to third party personal, bodily injury including death, property damage, liability, including contractual

liability and cross liability, in each case with deductibles not in excess of \$3,000,000 per occurrence and in such amounts of not less than \$40,000,000 per occurrence and, (iii) insurance required under the Federal Employers Liability Act for employee injury or death or occupational disease, and Employers Liability Insurance as required by law. In each case, all such insurance: (A) shall insure against such risks as the Lessor may reasonably specify from time to time, (B) shall be consistent with prudent railroad industry practice, (C) shall be in amounts not less than and insure against such risks so as to be no less protective than the insurance, if any, maintained by Lessee with respect to similar equipment which it owns or leases and (D) shall meet the requirements of Section 11.1(b). All such insurance shall be carried with insurance companies or insurers having all necessary power and authority to furnish the required coverage, and rated "AXI" or higher by A.M. Best Company Best's Insurance Guide and Key Ratings or otherwise be reasonably approved by the Lessor in the absence of such a rating. Provided no Event of Default or Default exists, the Lessor shall, on the Lessee's request, consider an actuarially sound self-insurance program of Lessee which recognizes the financial condition and prospects of the Lessee and availability of required insurance at such time.

(b) Such insurance policies shall: (i) name and insure the Lessor and each assignee under Section 16 and any other Indemnified Party as additional insureds under the comprehensive public liability insurance and under the property insurance, shall insure the Lessor (or the assignee under Section 16 holding a first Lien on the Equipment) as sole loss payee, (ii) with respect to property insurance, provide insurer's waiver its right of subrogation, set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability against Lessor and each assignee under Section 16, (iii) with respect to property insurance, provide that such insurance as to the interest of the Lessor and each assignee under Section 16 shall not be invalidated by any act or neglect, action or inaction of Lessee or any other Person (other than the Lessor and each such assignee), regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or any other Person (other than Lessor and each such assignee), (iv) with respect to property insurance, provide that all such insurance is primary without right of contribution from any other insurance which might otherwise be maintained by the Lessor or any such assignee, (v) provide therein or by endorsement that thirty (30) days prior written notice of expiration, cancellation or modification shall be given to the Lessor and each assignee under Section 16 and ten (10) days prior written notice of cancellation for monthly payment and (vi) provide that there is no recourse against Lessor or any Assignee for payment of premium, commissions, direct calls, assessments or advances; provided, however, that the Lessee shall use diligent, good faith effort to obtain liability insurance coverage which satisfies the

requirements of clause (iv) above, if available on the commercial insurance market at reasonable cost relative to the total insurance costs of the Lessee. Lessee shall furnish the Lessor and each assignee under Section 16 with the reports required by Section 5(c)(2) of the Agreement to Lease certificates or other satisfactory evidence of maintenance of the insurance so required and shall furnish binders or other formal confirmation reasonably acceptable to the Lessor evidencing renewals thereof as soon as practicable but in no event later than five (5) Business Days prior to such renewal and certificates of insurance within thirty (30) days after such renewal is effected or the expiration date of the original policy or policies, as the case may be.

(c) The proceeds of any property insurance received by the Lessor or any assignee under Section 16 will be paid to the Lessee either (i) upon a written application signed by the Lessee to reimburse the Lessee for payment of the costs of repairing, restoring, or replacing the item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the total destruction thereof, promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

(d) On the Lessee's request, provided no Default or Event of Default shall have occurred and be continuing, the Lessor shall assign in mutually satisfactory form and substance to the Lessee the right to recover property insurance proceeds directly from the Lessee's insurers, in lieu of the Lessor, if the Lessee: (i) shall have paid, and the Lessor shall be entitled to retain, the Casualty Value in respect of the subject casualty (in the case of casualty) or (ii) shall have evidenced repair of an Item (and full payment therefor) to the Lessor's satisfaction (in the case of damage to any Item of Equipment).

11.2. Duty of Lessee to Notify Lessor. In the event that during the Term of this Lease, or thereafter while any Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof (i) any Item of Equipment shall be or become lost or stolen for more than thirty (30) days, (ii) any Item of Equipment shall be or become destroyed, (iii) any Item of Equipment shall be or become in the reasonable opinion of the Lessee, irreparably damaged, (iv) any Item of Equipment shall be or become in the reasonable opinion of the Lessee, worn out, unless caused by Lessee's failure to maintain and return such Item as herein required, (v) title to any Item of Equipment shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise, (vi) the use of any Item of

Equipment shall be requisitioned or taken for a stated period, or such use has continued for a period, in excess of the lesser of the then remaining Term of the Lease or, in the case of a requisition or taking by a United States governmental authority, two (2) years, or any other governmental authority, six (6) months, (vii) any Item of Equipment shall have been returned permanently to the Manufacturer pursuant to any applicable patent indemnity or a material breach of a Manufacturer's warranty, (viii) the use of any Item of Equipment in the normal course of interstate rail transportation shall have been prohibited as a result of any rule, regulation, order or other action by a United States governmental authority for a continuous period in excess of six (6) months, or (ix) the Lessee is unable to return any Item of Equipment at the end of the Term of the Lease because such Item has been requisitioned or taken by any governmental authority (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully and in any event within thirty (30) days after it has knowledge of such Casualty Occurrence inform the Lessor and any assignee thereof pursuant to Section 16 in regard thereto and shall pay the Casualty Value of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the Base Term Commencement Date or next succeeding Rent Payment Date or the last day of any storage period pursuant to Section 13 hereof, as the case may be, following its notice to the Lessor and each assignee thereof pursuant to Section 16 that a Casualty Occurrence has taken place with respect to any Item of Equipment, shall pay to the Lessor (i) any Rent or other sum due on or prior to such date then remaining unpaid, and (ii) a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay Rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay Rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of any Item or Items of Equipment having suffered a Casualty Occurrence as soon as practicable. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied for such Item's then fair market value. The Lessee shall, if practicable under the circumstances, consult the Lessor in advance as to the type of disposition of any Item subject to a Casualty Occurrence. As to each separate Item of Equipment so disposed of, so long as no Default or Event of Default hereunder shall have occurred and be continuing and the Lessee shall have paid the Casualty Value thereof as herein provided, the Lessee may retain all amounts it

receives, including, without limitation, any settlement of "depreciated value" as contemplated in the Interchange Rules arising from such disposition (including any insurance proceeds) and damages received by the Lessee by reason of such Casualty Occurrence up to but not exceeding such Casualty Value, and the balance of all such proceeds (other than insurance proceeds in excess of such value, except for such proceeds as an insurer may pay to acquire title to the Equipment subject to such Casualty Occurrence) from whatever source shall be for the account of and paid immediately to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment. The Lessor shall retain title to the Item of Equipment subject to such Casualty Occurrence until the final disposition of such Item pursuant to this Section 11.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is to be paid as provided in this Section 11 (and not the date of the Casualty Occurrence). Casualty Value for each Item shall be equal to that percentage of the Equipment Cost thereof set forth in Schedule 2 to Exhibit B hereto (as any such Schedule may be modified pursuant to Section 2.3 hereof).

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessor and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the Term of the Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period which has not yet become a Casualty Occurrence or for a stated period which does not constitute a Casualty Occurrence, the Lessee's obligation to pay all installments of Rent and other sums shall continue for the duration of such requisitioning or taking unless and until the same shall become a Casualty Occurrence. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. EQUIPMENT REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1, 1991, and on each May 1 thereafter, the Lessee will furnish to the Lessor and each assignee pursuant to Section 16 an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31 (or since the date of settlements under this Lease, in the case of the first such statement), describing the insurance which is in force with respect to the Equipment and such other information regarding the condition or repair of the Equipment as the Lessor or any such assignee may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee pursuant to Section 16 shall have the right, but not the obligation, on prior notice to the Lessee, and during normal business hours, at their respective sole cost, expense and risk except as provided below, by their respective authorized representatives, accompanied by an employee of the Lessee, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm the existence and proper maintenance of the Equipment during the continuance of this Lease; provided, however, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor, any such assignee or any prospective purchaser or lessee therefrom, the rights of inspection granted under this Section 12.2.

SECTION 13. RETURN OF THE EQUIPMENT UPON EXPIRATION OF TERM.

(a) Upon the expiration of the Term of this Lease with respect to the Items of Equipment then subject to this Lease, the Lessee will, at its own risk and expense, shall marshall and deliver possession of such Items of Equipment to the Lessor, at not more than eight (8) locations as the Lessor and the Lessee shall agree (or in absence of such agreement, as the Lessor shall reasonably designate) and permit the Lessor, at the Lessee's risk and expense, to store such Items of Equipment at such locations for a period not exceeding 90 days from the date on which all requirements under this Section 13 shall have been fully satisfied with respect to all Items of Equipment and promptly transport the same at any time once to any railroad interchange point on the

Lessee's lines as directed by the Lessor by written notice to the Lessee delivered to the Lessee on or prior to the expiration of such 90-day period. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Item, to inspect the same, subject to the provisions of Section 12.2 hereof.

(b) Upon the return of the Equipment, Lessee shall at its own cost and expense have taken all necessary action to assure that each Item of Equipment shall be in the condition required by Section 7 and 8 hereof, with no broken or missing parts, free of any commodity residue, and that each such Item will be in the condition required by the Interchange Rules (whether such rules are nominally imposed on the Lessor or the Lessee) to enable the same to be sold or leased to a third party for use in interchange service by such third party under a newly assigned reporting mark and Lessee agrees that it will take such action, complete and execute, or obtain execution of, such certificates or other documentation as shall be required by the Association of American Railroads or its successor to assure that each Item of Equipment shall then be permitted to enter or continue in interchange service. Lessee shall promptly upon demand pay such reasonable costs as shall be required to restore any Item of Equipment to the aforesaid redelivery condition, including the reimbursement of the Lessor of any such cost it shall incur to effect such restoration. The Lessor and the Lessee each agree, if requested by the other, that a representative thereof will perform jointly with the other an inspection of the Equipment, or an appropriate representative sampling thereof, to insure compliance with the provisions of this Section 13 at such time and location and following such inspection standards as shall be mutually agreeable to the Lessor and the Lessee. Upon such redelivery of an Item of Equipment, the Lessee agrees to provide to the Lessor originals or legible facsimile copies of all manuals, drawings, diagrams, records, logs and other materials and inspection, modification, overhaul and maintenance records applicable thereto; provided that Lessee agrees to maintain all such materials in the same manner as it maintains the same for similar owned equipment. During any storage period hereunder, the Lessee will, at its expense, effect and maintain insurance on the Equipment pursuant to Section 11.

(c) The assembling, delivery in the required condition, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver in the required condition, store and transport the Equipment. All amounts earned in respect of the Equipment

after the date of expiration of this Lease shall belong to the Lessee so long as the Lessee meets its obligations in the next following sentence. In the event any Item of Equipment is not assembled, delivered in the required condition and stored as hereinabove provided on the date of expiration of this Lease, the Lessee shall pay to the Lessor, for the first thirty (30) days thereafter, an amount equal to the daily equivalent of the Fixed Rent payable over the Term, and for each day thereafter an amount equal to the greater of any damages Lessor may have or 150% of such Fixed Rent, in each case for such Item for each such day of non-compliance with the above requirement.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the Rent or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for three (3) days;

(b) The Lessee shall default in (i) the maintenance of the insurance coverage required by Section 11 hereof or (ii) the observance or performance of any covenant required to be observed or performed by the Lessee under Section 11 hereof;

(c) The Lessee shall make or permit any sublease, assignment or transfer of this Lease, or of possession of any Item of the Equipment, not permitted by this Lease;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any Operative Agreement (other than as described in paragraphs (a), (b), and (c) above), and such default shall continue for ten (10) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(e) Any representation or warranty made by the Lessee herein or in any Operative Agreement, or in any statement or certificate furnished to the Lessor or any assignee pursuant to Section 16 in connection therewith (other than any such statement or certificate delivered in connection with the Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof;

(f) Final judgment or judgments for the payment of money aggregating in excess of \$250,000 shall be outstanding against the Lessee and such judgments have been outstanding for more than thirty (30) days from the date of its entry and have not been discharged in full or stayed;

(g) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall fail generally to pay its debts as they become due, or (v) shall take any corporate action to authorize any of the foregoing; or

(h) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

14.2. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee

shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever;

(c) Sell any Item of Equipment at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights' under said paragraph), in which event the Lessee's obligation to pay Fixed Rent with respect to such Item hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Fixed Rent is to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle or lease to others any Item of Equipment or any part thereof, as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Fixed Rent with respect to such Item due for any periods subsequent to the date upon which the Lessee shall have been deprived of use of such Item pursuant to this Section 14 shall be reduced (but not below zero for any Fixed Rent installment) by the net proceeds, if any, received by the Lessor from leasing such Item to any Person other than the Lessee;

(e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (d) above with respect to any Item of Equipment, the Lessor, by written notice to the Lessee specifying a payment date which shall be not earlier than ten (10) days after the date of such notice, may demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item of Equipment due after the payment date specified in such notice), any unpaid Rent for such Item of Equipment due for periods prior to the payment date specified in such notice plus whichever of the following amounts the Lessor, in its sole discretion,

shall specify in such notice: (i) an amount equal to the difference between the present value of all future Fixed Rent for such Item and the present value of the Fair Rental Value (determined as hereafter in this Section 14 provided) of such Item or, if the Lessor has leased such Items to others pursuant to paragraph (d) above, for the period of such lease the rental payable thereunder, in each case for the remainder of the Base Term or then Renewal Term, as the case may be, as of the payment date specified in such notice, such present values, to be computed on the basis of a 9.5% per annum rate of discount from the respective dates upon which such Rent would be paid, or (ii) if the Lessor has not leased such Items to others pursuant to paragraph (d) above, an amount equal to the excess, if any, of the Casualty Value for such Item as of the Rent Payment Date next preceding the payment date specified in such notice or if such payment date occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Value of such Item (determined as hereafter in this Section 14 provided) as of the payment date specified in such notice;

(f) If the Lessor shall have sold any Item of Equipment pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Item may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Fixed Rent for such Item due on Rent Payment Dates subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Item due for periods up to and including the Rent Payment Date next preceding the date of such sale and if that date is a Rent Payment Date, the Rent due on that date, plus the amount, if any, by which the Casualty Value of such Item computed as of the Rent Payment Date next preceding the date of such sale or if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) Whether or not the Lessor shall have exercised any of its rights under paragraph (a), (b) or (d) above, the Lessor may in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent and additional sums theretofore paid by the Lessee or received by the Lessor in respect of such Item including any such then in possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder, (ii) may recover from the Lessee all Rent and additional sums accrued and unpaid under any of the terms

hereof as of the date of the declaration of default, and (iii) may transfer title to such Item to the Lessee by quit-claim bill of sale and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Fixed Rent for such Item on Rent Payment Dates subsequent to the date of the declaration of default) an aggregate sum equal to the present value of (A) all Fixed Rent for such Item which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Base Term or then Renewal Term, as the case may be, plus (B) the last Casualty Value payable during the term of this Lease, such present value to be computed on the basis of a 9.5% per annum rate of discount, from the respective dates upon which such Fixed Rent would have been payable hereunder had this Lease not been terminated.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Default or Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Item in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

For purposes of this Section 14.2, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined on the basis of an appraisal of an independent appraiser chosen by the Lessor, based upon the criteria for establishing Fair Market Value and Fair Rental Value set forth in Section 18.1 (but including the value which may be obtained from a used equipment dealer), and the cost of any such appraisal shall be borne by the Lessee.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.4. Lessor Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor and any assignee pursuant to Section 16, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default under this Lease written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith deliver such Items to not more than eight (8) storage locations as the Lessor shall reasonably designate;

(b) Permit the Lessor to store such Item for one-hundred eighty (180) days after all such Items have been identified and so stored at such locations without charge for insurance, rent or storage, and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) Transport such Item one time to railroad interchange points in Chicago, Illinois or such other interchange points as the Lessor and the Lessee may agree.

Each such Item will, when placed in storage, be in the condition required by Sections 7 and 8 hereof; and the Lessee shall comply with the requirements of Section 13 hereof and as otherwise required by the Lessor to enable the same to be sold or leased to a third party for use in interchange service under the Interchange Rules. Lessee agrees that no Item shall be considered to have been returned under this Section 15 until Lessee has returned such Item in such condition.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority (which power is coupled with an interest), at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. SALE OF EQUIPMENT; LESSOR ASSIGNMENTS OF LEASE.

(a) Right to Assign. The Lessor may transfer and sell all or part of its right, title and interest in the Equipment to any Person so long as the Lessor shall either (i) concurrently therewith lease the Equipment from such transferee for a term not less than the remaining Term of this Lease, or (ii) arrange for an assumption by such transferee of all of the obligations of the Lessor hereunder, and this Lease and all Rent and all other sums due or to become due hereunder may be assigned by the Lessor and/or by any such transferee to such transferee, and/or to a security trustee or other financial institution, all without the consent of the Lessee, but the Lessee shall be under no obligation to any such transferee or assignee except upon written notice of such transfer and/or assignment and any such transferee and/or assignee shall confirm in writing to the Lessee that so long as no Default or Event of Default shall have occurred and be continuing hereunder, such transferee and/or assignee will not interfere with Lessee's right of quiet enjoyment to the Equipment hereunder. With respect to any transaction which may be arranged under this Section 16, the Lessor shall use reasonable good faith efforts to obtain competitive debt and equity proposals to minimize adjustments under Section 2.3 hereof consistent with completing such transaction in a manner which is satisfactory to the Lessor in Lessor's sole discretion. Upon notice to the Lessee of any such assignment or reassignment, the rent and other sums payable by the Lessee which are the subject matter of such assignment shall be paid to or upon the written order of the assignee.

(b) Obligation and Right of Assignee. Except in the event of an assumption pursuant to Section 16(a)(ii), any assignee

pursuant to this Section 16 shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee and the Lessor each acknowledge and agree that notwithstanding any such assignment each and all of such duties, covenants or conditions required to be performed by the Lessor shall survive any such assignment and shall be and remain the sole liability of the Lessor. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason or failure of or defect in the Lessor's title or the failure of the Lessor to afford the right of quiet enjoyment to the Lessee, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor. Notwithstanding any provision of this Lease to the contrary, the Lessee shall have the right to proceed against any assignee for any violation thereby of any rights of the Lessee hereunder.

(c) Amendments; Exercise of Rights and Remedies. In the event the Lessee shall have received written notice of one or more assignments pursuant to Section 16(a), the terms and provisions of such assignments shall govern as to whether (i) the consent or agreement of either the Lessor or one or more such assignees, shall be required in order to effect any amendment or modification of, or waive any requirements under this Lease, and (ii) the Lessor or one or more such assignees, may exercise any right, privilege or remedy of the Lessor provided for in this Lease.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment; Sublease. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of the Lease but, without the prior written consent of the Lessor, THE LESSEE OR ANY SUBLESSEE SHALL NOT ASSIGN, TRANSFER OR ENCUMBER ITS LEASEHOLD INTEREST (OTHER THAN TO GRANT A COLLATERAL ASSIGNMENT OF THIS

LEASE FOR SECURITY TO LESSEE'S LENDERS) UNDER THIS LEASE OR ANY SUBLEASE IN RESPECT OF THE EQUIPMENT. The Lessee shall not, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, enter into any sublease with respect to, part with the possession or control of, or suffer or allow to pass out of its possession or control, any Item of Equipment, except as provided in Section 17.2 or pursuant to a sublease (a "Permitted Sublease") which (a) shall be for a term not extending beyond the Term hereof, (b) shall include maintenance provisions identical to Sections 7 and 8 hereof, (c) shall be made with a sublessee to which §1168 of the Bankruptcy Code shall apply for the benefit of the Lessor and any assignee contemplated in Section 16, and (d) shall expressly provide that the rights of any sublessee (a "Permitted Sublessee") who receives possession by reason of a Permitted Sublease shall be subject and subordinate to each and every term, condition and provision of this Lease, including, without limitation, the Lessor's right of repossession pursuant to Section 14 of this Lease and to terminate such sublease upon such repossession. No sublease, whether or not a Permitted Sublease, shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease to the same extent as if such sublease had not occurred.

Promptly upon entering into any sublease including any Permitted Sublease, the Lessee shall deliver to the Lessor a copy thereof. The Lessee agrees that in the case of any sublease including any Permitted Sublease which is for a term in excess of one year, or if any Permitted Sublessee shall sublease any Item of Equipment for a period which shall have continued beyond one year, then Lessee will, promptly upon receipt of any sublease rentals, or the passage of such one year period, pay to the Lessor 50% of the amount (or after any Default or Event of Default, 100% of the amount), if any, by which any such sublease rentals shall exceed the Fixed Rent (plus the applicable sales or use tax thereon) payable by Lessee to Lessor under this Lease for the rental period with respect to which such sublease rentals were payable.

17.2. Use and Possession in Railroad Operations. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it, or upon lines of railroad over which the Lessee has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through or pooling agreements, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee shall at no time throughout the Term of this Lease assign or permit the assignment of or permit any sublessee, whether or not a Permitted Sublessee, to assign or permit the

assignment of, any Item of Equipment for use in service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States and, to the extent agreed to by the Lessor in writing, Canada.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the property of the Lessee, and the Lessee may merge or consolidate with any other corporation or transfer all or substantially all of its property to any corporation, provided that (a) such corporation shall be, effective upon such transfer, a corporation incorporated in any state of the United States or the District of Columbia which shall have all necessary authorizations and approvals to own and operate such assets and to which the provisions of §1168 of the Bankruptcy Code would be applicable upon the commencement of a reorganization proceeding with respect thereto under such Code and which shall have duly assumed in writing the obligations of the Lessee hereunder and under each other Operative Agreement, (b) immediately prior to and after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing hereunder and (c) immediately after giving effect to such transaction the resulting corporation shall have a financial condition which, in the reasonable judgment of the Lessor and any assignee pursuant to Section 16, will not impair the ability of the surviving entity to perform the obligations of the Lessee hereunder and under the other Operative Agreements.

Anything in the first paragraph of this Section 17.3 to the contrary notwithstanding, the Lessee agrees that it will not, without the prior written consent of the Lessor and any assignee pursuant to Section 16, merge or consolidate with, or sell, lease or otherwise dispose of all or substantially all of its assets, unless either:

(1) at the time thereof, the Fair Market Value of all of the Items of Equipment then subject to this Lease shall equal not less than 120% of the Casualty Value of such Items as of the next preceding Rental Payment Date, or

(2) Immediately after effecting such merger, consolidation, sale, lease or other disposition, (i) the Net Worth of the surviving corporation shall not be less than \$20,000,000, and (ii) the ratio of the surviving corporation's Senior Funded Debt to the sum of its Net Worth and its Subordinated Funded Debt shall be not greater than 3.5 to 1.

SECTION 18. OPTIONS TO RENEW AND PURCHASE.

18.1. Determination of Fair Market Value and Fair Rental Value. The Lessor and the Lessee shall promptly consult for the purpose of determining Fair Market Value and Fair Rental Value and any values agreed upon in writing shall constitute such Fair Market Value and Fair Rental Value. If the Lessor and the Lessee fail to agree upon such values within thirty (30) days after the need to determine the same, then they shall be promptly determined by the Appraisal Procedure. Such Fair Market Value and Fair Rental Value shall be determined on the basis of the value which would be obtained in an arms's-length transaction between an informed and willing buyer-user or lessee (other than a used equipment dealer) and an informed and willing seller or lessor under no compulsion to sell, buy or lease. Any such determination shall be made (i) on the assumption that the Equipment is in the condition and state of repair required by this Lease, including the return conditions specified in Section 13, (ii) as respects Fair Rental Value, on the basis of a lease, having terms and conditions (other than the amount of Rent and without any purchase or renewal options) similar to the terms and conditions of this Lease (assuming a Term equal to contemplated renewal term), and (iii) giving effect to the removal of any parts which remain the property of the Lessee under the provisions of Section 8 hereof. All costs and expenses of any Appraisal Procedure pursuant to this Section 18 shall be borne by the Lessee and the Lessor, equally.

18.2. Option to Purchase. So long as no Default or Event of Default has occurred and is continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Lessor, to purchase all, but not less than all, of the Items of Equipment then subject to this Lease (a) on the date of the expiration of the Base Term, at a price equal to 75% of the Equipment Cost thereof, and (b) on the date of expiration of the Renewal Term, if any, the Fair Market Value thereof determined in accordance with this Section 18 as of such expiration date.

18.3. Option to Renew. So long as no Default or Event of default shall have occurred and be continuing, the Lessee shall have the right upon no more than twelve (12) and no less than six (6) months prior written notice to the Lessor to renew this Lease with respect to all, but not less than all of the Items of Equipment then subject to this Lease, for one Renewal Term of four (4) years, commencing at the expiration of the Base Term. All of the provisions of this Lease shall be applicable during the Renewal Term except that the Casualty Values shall be determined in accordance with this Section 18 and Fixed Rent shall be the Fair Rental Value of such Items of Equipment for such Renewal Term, determined in accordance with this Section 18.

18.4. Casualty Value during Renewal Term. The Casualty Value for any Renewal Term shall be the value applicable to the date of determination as set forth in Schedule 2 to the Lease Supplement.

18.5. Delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the Base Term, or the Renewal Term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS ADVANCED.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent or other sums due hereunder shall result in the additional obligation on the part of the Lessee to pay an amount equal to interest at the Late Rate on such overdue amounts for the period of time during which they were overdue and not paid.

SECTION 20. MISCELLANEOUS.

20.1. Notices. Any notice provided for in this Lease shall be in writing or by a telecommunications device capable of creating a written record, and shall be effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) five (5) days after being deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or, (c) in the case of notice by such a telecommunications device, when properly transmitted, addressed to each party at the following addresses:

If to the Lessor:

GATX Leasing Corporation
Four Embarcadero Center
San Francisco, California 94111
Attention: Contracts Administration Department
Fax No.: (415) 955-3415 or 16

All payments to be made to the Lessor
under the Operative Agreements
by wire transfer of immediately
available funds to:

Wells Fargo Bank
Market & Montgomery Street Branch
San Francisco, California 94104

For credit to the account of:
GATX Leasing Corporation
Account No. 3075-013060
Route 2 AU 371

If to the Lessee:

Wisconsin Central Ltd.
6250 N. River Road
Suite 9000
Rosemont, IL 60018
Attention: Chief Financial Officer
Fax No.: (708) 318-4628

or as to any of the foregoing parties at such other address as
such party may designate by notice duly given in accordance with
this Section to the other parties.

20.2. Right of Lessor to Perform. If the Lessee shall
fail to comply with any of its covenants herein contained, the
Lessor or any assignee pursuant to Section 16 may, but shall not
be obligated to, make advances to perform the same and to take all
such action as may be necessary to obtain such performance. Any
payment so made by any such party and all costs and expenses
(including, without limitation, reasonable attorneys' fees and
expenses) incurred in connection therewith shall be payable by the
Lessee to the party making the same upon demand as Additional Rent
hereunder, with interest thereon at the Late Rate. No such action
shall be deemed a repossession of any of the Equipment, and no
such advance, performance or other act shall be deemed to relieve
the Lessee from any default hereunder.

20.3. No Waiver. No delay or omission to exercise any
right, power or remedy accruing to the Lessor upon any breach or
default by the Lessee under this Lease shall impair any such
right, power or remedy of the Lessor, nor shall any such delay or
omission be construed as a waiver of any breach or default, or of
any similar breach or default hereafter occurring; nor shall any
waiver of a single breach or default be deemed a waiver of any
subsequent breach or default. All waivers under this Lease must
be in writing, but any breach or default, once waived in writing,
shall not be deemed to be continuing for any purpose of the

Operative Agreements. All remedies either under this Lease or by law afforded to the Lessor shall be cumulative and not alternative.

20.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.5. Law Governing. This Lease shall be construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.6. Currency. All amounts and moneys referred to in this Lease shall be construed to mean money which at the time is lawful money of the United States of America.

20.7. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.8. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

20.9. True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale" and that the Lessor shall at all times be considered to be the owner of the Equipment which is the subject of this Lease for the purposes of all federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in the Equipment except as lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

GATX LEASING CORPORATION

By: 

Its

RICHARD E. KOHN
VICE PRESIDENT

WISCONSIN CENTRAL LTD.

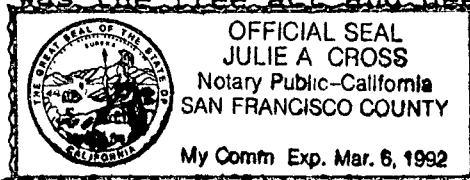
By: _____

Its _____

This Equipment Lease and the rentals and other sums due and to become due hereunder may be assigned by the Lessor as provided in Section 16 hereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of this Equipment Lease or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

STATE OF California)
COUNTY OF San Francisco) SS:

On this 13th day of February, 1990, before me personally appeared Richard E. Kohn, to me personally known, who being duly sworn, says that he is a(n) Vice President of GATX LEASING CORPORATION, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



[NOTARIAL SEAL]

Julie A. Cross
Notary Public

My Commission Expires

3/6/92

STATE OF ILLINOIS)
COUNTY OF COOK) SS:

On this ____ day of February, 1990, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a(n) _____ of WISCONSIN CENTRAL LTD., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires

[NOTARIAL SEAL]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

GATX LEASING CORPORATION

By: _____
Its _____

WISCONSIN CENTRAL LTD.

By: Thomas J. P. [Signature]
Its Exec. Vice Pres.

This Equipment Lease and the rentals and other sums due and to become due hereunder may be assigned by the Lessor as provided in Section 16 hereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of this Equipment Lease or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

STATE OF _____)
COUNTY OF _____) SS:

On this ____ day of February, 1990, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a(n) _____ of GATX LEASING CORPORATION, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

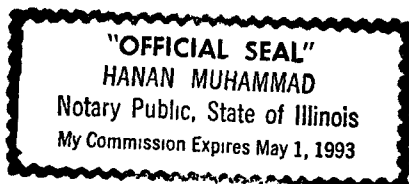
Notary Public

[NOTARIAL SEAL]

My Commission Expires

STATE OF ILLINOIS)
COUNTY OF COOK) SS:

On this 13th day of February, 1990, before me personally appeared THOMAS F. POWER JR., to me personally known, who being by me duly sworn, says that he is a(n) Exec. Vice Pres. of WISCONSIN CENTRAL LTD., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Hanan Muhammad
Notary Public

My Commission Expires

May 1, 1993

[NOTARIAL SEAL]

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: Bethlehem Steel Corporation

Description and Mark and
Number of Items of
Equipment:

<u>Number of Cars</u>	<u>Description</u>	<u>Purchase Price Per Car</u>	<u>Total Purchase Price</u>
400	3000 Cubic Feet, 2 Compartment Covered Hopper Cars, Marked and numbered WC 84000 through 84399, both inclusive	\$46,328.60	\$18,531,440

Outside Delivery Date: March 31, 1990

(Wisconsin Central No. 90-1)

PRICING ASSUMPTIONS

Equipment Cost and Settlements:	First Equipment Closing Date to be February 15, 1990 covering 250 Items having an Equipment Cost per car of \$46,400
	Second Equipment Closing Date to be March 30, 1990 covering 150 Items having an Equipment Cost per car of \$46,400
Base Term Commencement Date:	April 1, 1990
Debt Rate*:	11.25%
Debt Rate**:	9.5%
Base Term:	Ending March 31, 2008
Interim Rent Payment Date:	April 1, 1990
Transaction Expenses:	Zero (other than the already included lease placement fee equal to 1% of Equipment Cost)
Equipment:	400 Items as described in Schedule A
Effective Tax Law:	No applicable changes to Code, Regulations or guidelines as in effect on January 1, 1990 to be enacted or effected on or prior to Base Term Commencement Date
Effective Accounting Treatment:	No applicable changes in generally accepted accounting principles as in effect on January 1, 1990 to be effective on or prior to Base Term Commencement Date

*Applicable if Lease is leveraged as contemplated by Section 16 of the Lease, where GATX Leasing Corporation is neither the Lessor nor a sublessor of the Equipment to the Lessee

**Applicable if Lease is leveraged in any other instance

Tax Assumptions:

All tax assumptions described in Section 1(q) and 1(r) of the Tax Indemnity Agreement.

Casualty Values:

Computed for 22 years (to include Renewal Term of 4 years) with final value of 25%.

Other Assumptions:

All other assumptions impacting Net Economic Return used by the Lessor in pricing the Fixed Rent.

(Wisconsin Central No. 90-1)

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

TO: GATX LEASING CORPORATION
(the "Lessor")

BETHLEHEM STEEL CORPORATION
(the "Manufacturer")

I, a duly appointed and authorized representative of WISCONSIN CENTRAL LTD. (the "Lessee") under the Equipment Lease dated as of February 15, 1990 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"LEASED FROM A CORPORATION AS
FILED WITH THE INTERSTATE COMMERCE COMMISSION"

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: _____, 1990

Inspector and Authorized
Representative of the Lessee

(WISCONSIN CENTRAL NO. 90-1)

EXHIBIT A
(to Equipment Lease)

LEASE SUPPLEMENT NO.
[NOTE: Not to be filed at ICC]

This LEASE SUPPLEMENT NO. __, dated _____,
between GATX Leasing Corporation, a Delaware corporation (the
"Lessor") and Wisconsin Central Ltd., an Illinois corporation (the
"Lessee");

W I T N E S S E T H:

The Lessor and the Lessee have heretofore entered into
that certain Lease Agreement dated as of February 15, 1990 (the
"Lease"). The terms used herein have the meanings specified in
the Lease.

The Lease provides for the execution and delivery of a
Lease Supplement substantially in the form hereof for the purpose
of evidencing the Interim Rental, Fixed Rent and Casualty Values
payable for the Items of Equipment which shall from time to time
become subject to the Lease.

NOW, THEREFORE, in consideration of the premises and
other good and sufficient consideration, the Lessor and the Lessee
hereby agree as follows:

1. The daily Interim Rental payable on April 1, 1990,
and the Fixed Rent payable with respect to each Item of Equipment
on each Rent Payment Date is set forth in Schedule 1 hereto.
2. The Casualty Value for each Item of Equipment as of
each Rent Payment Date is set forth in Schedule 2 hereto.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed as of the day and year first above written and to be delivered as of the date first above written.

GATX LEASING CORPORATION

By: _____
Its: _____

WISCONSIN CENTRAL LTD.

By: _____
Its: _____

The Lease and the rentals and other sums due and to become due hereunder and thereunder may be assigned by the Lessor as provided in Section 16 thereof to and made subject to a security interest in favor of a bank or trust company, as security trustee, or a financial institution, as lender. Any party intending to give consideration for any assignment by the Lessor of the Lease, as supplemented, or any of the Lessor's rights hereunder should first determine whether any such prior assignments or security agreements providing for such assignments have been filed and recorded with the office of the Secretary of the Interstate Commerce Commission.

DEFINITIONS

Re: WISCONSIN CENTRAL NO. 90-1

Annex 1
(to Equipment Lease)

TABLE OF CONTENTS

(Not a part of the Agreement)

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DEFINITIONS

Re: WISCONSIN CENTRAL NO. 90-1

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Defined Terms

"Additional Rent" shall mean all amounts, liabilities and obligations (other than Interim Rent and Fixed Rent) which the Lessee is obligated to pay under the Lease or the Agreement to Lease, including, but not limited to, Casualty Value payments, and amounts, if any, payable, under Section 2 of the Agreement to Lease (to the extent such payment does not give rise to a rental adjustment under Section 2.3 of the Lease) by the Lessee.

"Agreement to Lease" shall mean the Agreement to Lease dated as of February 15, 1990 between the Lessor and the Lessee.

"Affiliate" shall mean a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, the Lessee, (ii) which beneficially owns or holds 5% or more (by number of votes) of any class of the Voting Stock of the Lessee or (iii) 5% or more (by number of votes) of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Lessee or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Appraisal Procedure" shall mean the following procedure for determining the Fair Market Value or the Fair Rental Value, as the case may be, of any property. If either party to the Lease

shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within fifteen (15) days after such notice is given, each party shall appoint a qualified independent appraiser within twenty (20) days after such notice is given. If one party appoints an appraiser pursuant to the preceding sentence, the appraisal shall be made by such appraiser if the other party fails to appoint a second appraiser within the applicable time limit. If both parties appoint appraisers, the two appraisers so appointed shall within thirty (30) days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within thirty (30) days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine one or more of the Fair Market Value or the Fair Rental Value of such property within twenty (20) days after its or their appointment. If the parties shall have appointed a single appraiser, its determination of values shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final.

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978 as amended from time to time, 11 U.S.C. §101 et seq.

"Base Term" shall have the meaning specified in Section 3 of the Lease.

"Base Term Commencement Date" shall have the meaning specified in Section 2.1(a) of the Lease.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banks in the states of California or Illinois are authorized or permitted to be closed.

"Capitalized Lease" shall mean any lease the obligation for Rentals with respect to which is required to be capitalized on a balance sheet of the lessee in accordance with generally accepted accounting principles.

"Capitalized Rentals" shall mean as of the date of any determination the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which the Lessee or other surviving corporation or any Subsidiary is a lessee would be reflected as a liability on a consolidated balance sheet of the Lessee or other surviving corporation and its Subsidiaries.

"Casualty Occurrence" shall have the meaning specified in Section 11.2 of the Lease.

"Casualty Value" shall mean during the Interim Term and the Base Term the amount determined in accordance with Schedule 2 to the Lease Supplement, and during the Renewal Term, the amount determined in accordance with Section 18 of the Lease.

"Closing Date" with respect to any Item of Equipment shall be the date of payment of the purchase price therefor by the Lessor to the Manufacturer pursuant to Section 1.2 of the Agreement to Lease.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Default" shall mean any event which would constitute an Event of Default under the Lease if any requirement in connection therewith for the giving of notice or the lapse of time, or both, had been satisfied.

"employee benefit plan" shall have the meaning specified in Section 3 of ERISA.

"Equipment" shall mean collectively those items of railroad rolling stock described in Schedule A to the Lease, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed on any item thereof which are the property of the Lessor pursuant to the terms of the Lease, and "Item" or "Item of Equipment" shall mean individually the various items thereof.

"Equipment Cost" shall mean, for each Item of Equipment, final invoice cost to the Lessor from the Manufacturer.

"Equipment Lease" - See "Lease."

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor law.

"Event of Default" is defined in Section 14 of the Lease.

"Expenses" is defined in Section 6.1 of the Lease.

"Fair Market Value" shall mean with respect to the Equipment or any Item thereof, the fair market sales value of the Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fair Rental Value" shall mean with respect to the Equipment or any Item thereof, the fair market rental value of the

Equipment or such Item, determined in accordance with Section 14 or Section 18 of the Lease, as the case may be.

"Fixed Rent" shall mean all rent payable pursuant to Section 2.1(b) of the Lease for the Base Term and all Rent payable pursuant to Section 18 of the Lease for the Renewal Term, if any.

"Funded Debt" of any Person shall mean (i) all Indebtedness for borrowed money or which has been incurred in connection with the acquisition of assets in each case having a final maturity of one or more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date or origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, (ii) all Capitalized Rentals, and (iii) all Guaranties of Funded Debt of others. "Consolidated" when used as a prefix to any Funded Debt shall mean the aggregate amount of all such Funded Debt of the Lessee or other surviving corporation and its Subsidiaries on a consolidated basis eliminating intercompany items.

"Guaranties" by any Person shall mean all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect, guaranteeing any Indebtedness, dividend or other obligation, of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation or any property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, (y) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (iii) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purposes of all computations made under this Agreement, a Guaranty in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the principal amount of such Indebtedness for borrowed money which has been guaranteed, and a Guaranty in respect of any other obligation or liability or any dividend shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation, liability or dividend.

"Indebtedness" of any Person shall mean and include all obligations of such Person which in accordance with generally

accepted accounting principles shall be classified upon a balance sheet of such Person as liabilities of such Person, and in any event shall include all (i) obligations of such Person for borrowed money or which has been incurred in connection with the acquisition of property or assets, (ii) obligations secured by any lien or other charge upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations, (iii) obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender or lessor under such agreement in the event of default are limited to repossession or sale of property, and (iv) Capitalized Rentals under any Capitalized Lease. For the purpose of computing the "Indebtedness" of any Person, there shall be excluded any particular Indebtedness to the extent that, upon or prior to the maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Indebtedness, if permitted by the instrument creating such Indebtedness) for the payment, redemption or satisfaction of such Indebtedness; and thereafter such funds and evidences of Indebtedness so deposited shall not be included in any computation of the assets of such Person.

"Indemnified Parties" shall mean the Lessor, any transferee or assignee of the Equipment and/or the Lease pursuant to Section 16 thereof and successors, assigns, agents, servants, officers and employees of each of the foregoing.

"Interchange Rules" shall have the meaning specified in Section 7 of the Lease.

"Interim Rent" shall have the meaning specified in Section 2.1(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Item of Equipment" or "Item" shall mean each item of the Equipment.

"Late Rate" shall mean interest at the annual rate equal to the lesser of (a) the highest rate permitted by applicable law and (b) the greater of (i) 2% over the Prime Rate or (ii) 13.25%.

"Lease" or "Equipment Lease" shall mean the Equipment Lease dated as of February 15, 1990 between the Lessor, as lessor, and the Lessee, as lessee as amended or supplemented from time to time and all Exhibits and Schedules thereto.

"Lease Supplement" shall mean the Lease Supplement, substantially in the form of Exhibit B to the Lease, entered into between the Lessor and the Lessee.

"Lessee" shall mean Wisconsin Central Ltd., an Illinois corporation, and (without limiting the provisions of Section 17.3 of the Lease) any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is a party.

"Lessor" shall mean GATX Leasing Corporation, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquired all or substantially all of the assets thereof.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance or other charge of any kind on property.

"Manufacturer" shall mean Bethlehem Steel Corporation.

"Net Economic Return" shall have the meaning specified in Section 2.3 of the Lease Agreement.

"Net Worth" shall mean, as of the date of any determination thereof, the total amount of all assets of the Lessee or other surviving corporation and its Subsidiaries less all outstanding Indebtedness, deferred taxes, minority interests and all other items appropriately appearing on the liability side of a consolidated balance sheet, all determined in accordance with generally accepted accounting principles consolidating the Lessee or other surviving corporation and its Subsidiaries.

"Officer's Certificate" shall mean a certificate signed in the case of a corporation by the Chairman of the Board, the President, any Vice President or the Chief Financial Officer of such corporation.

"Outside Delivery Date" is the date which appears in Schedule A to the Lease.

"Operative Agreements" shall mean and include the Agreement to Lease, the Purchase Order Assignment, the Lease and the Tax Indemnity Agreement, and in the event the Lessor shall at any time arrange for a non-recourse leveraged financing with respect to the Lease, shall further mean and include the Participation Agreement and the related Trust Agreement, Notes, Security Agreement, Lease Assignment or other documents providing therefor, and in the event the Lessor shall at any time transfer the Equipment to a transferee in connection with a sale/leaseback financing pursuant to Section 16 of the Lease, shall further mean and include the Participation Agreement and the related Trust Agreement, Equipment Lease, Notes, Security Agreement, Lease Assignment or other documents providing thereof.

"Permitted Contest" shall mean a good-faith contest which each Indemnified Party determines will be conducted in a manner so as to prevent the imposition of any criminal penalty on, or adverse effect on the title, property or right of, such Indemnified Party, of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, Liens or impositions which, under the terms of the Lease, are required to be paid or discharged by the Lessee or the Lessor, as the case may be, but for such contest.

"Permitted Encumbrances" with respect to the Equipment and each Item thereof, shall mean (i) the interest of the Lessee and the Lessor, respectively, under the Lease; (ii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any Liens of mechanics, suppliers, materialmen and laborers for work or services performed or materials furnished in connection with the Equipment or any Item thereof which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; and (iv) the Lien and security interest granted under any Operative Agreement.

"Permitted Sublease" and "Permitted Sublessee" shall have the meanings specified in Section 17.1 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Pricing Assumptions" shall have the meaning specified in Section 2.3 of the Lease.

"Prime Rate" shall mean the rate announced from time to time by Wells Fargo Bank, National Association as its prime rate.

"Purchase Agreement" shall have the meaning specified in the Purchase Order Assignment, dated as of February 15, 1990, between the Lessor and the Lessee.

"Regulations" shall mean the income tax regulations issued, published or promulgated under the Code.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to Section 18 thereof.

"Rent" shall mean all Interim Rent, Fixed Rent and Additional Rent.

"Rent Payment Dates" shall mean April 30, 1990 and the last day of each month thereafter throughout, and including the final day of, the Term of the Lease.

"Rentals" shall mean and include all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Lessee or other surviving corporation or a Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Lessee or other surviving corporation or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so called, "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Senior Funded Debt" shall mean all Funded Debt other than Subordinated Funded Debt.

"Subordinated Funded Debt" shall mean all unsecured Funded Debt of the Lessee or other surviving corporation which contain or have applicable thereto provisions which cause such Funded Debt to be junior and subordinate in right of payment upon default or upon liquidation or bankruptcy to all Senior Funded Debt.

"Subsidiary" shall mean any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by the Lessee or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by the Lessee and any one or more such Subsidiaries.

"Tax Indemnity Agreement" shall mean the Tax Indemnification Agreement dated as of February 15, 1990 between the Lessee and the Lessor.

"Total Equipment Cost" shall mean the aggregate Equipment Cost for each Item of Equipment.

"Term" shall mean the full term of the Lease, including the Interim Term, the Base Term and any Renewal Term, subject to the provisions of Sections 11 and 14 of the Lease.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).